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LAND AND LIBERTY

By RAÚL GÁNDARA
Secretary
Puerto Rico Land Authority

A BRIEF HISTORY OF PUERTO RICO'S LONG BATTLE TO OWN ITS OWN HOMES.

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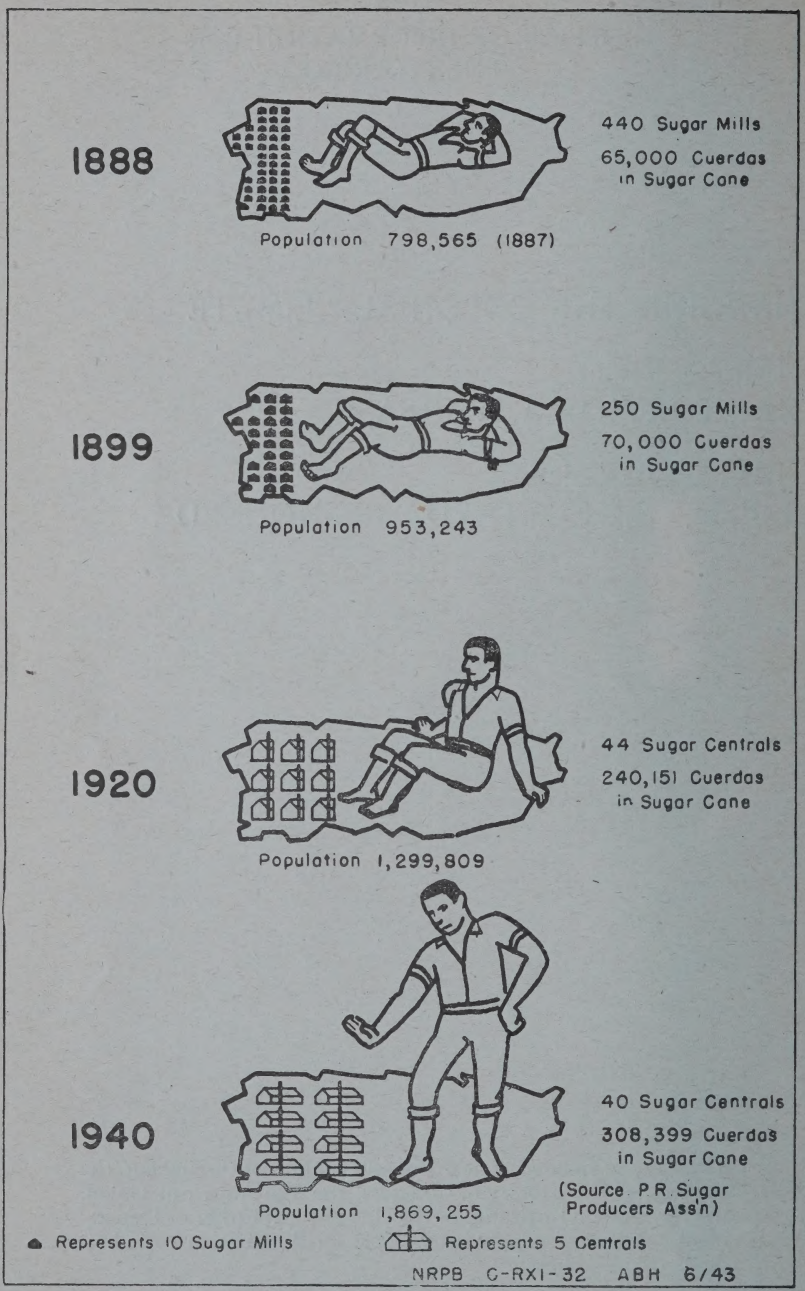

Man Against Sugar

LAND AND LIBERTY

By RAÚL GÁNDARA

History

Latifundia (large land holding) in Puerto Rico began with the Island's history. It was an Old World custom brought from home by the first Spanish settlers. The custom was not a good one anywhere. It was especially bad in Puerto Rico because of the smallness of the Island and the hilly nature of the land.(1)

The first Conquistadores who followed Christopher Columbus (he stopped only briefly for water in 1493) received not only land but the Indians who lived on it. Tribal chiefs were used as foremen to boss their men. Even a distant Crown soon saw that this was wrong, and in 1541 Charles I decreed that all pastures, woods and waters should be common property.

Under the new system, farmers had "estancias" devoted to crops and "hatos" for grazing their cattle. As population increased, the government's vigilance relaxed and the cattle breeders gradually occupied more and more land at the expense of poorer and less influential farmers. Land became a virtual monopoly in the hands of a rich few—favorites of the Crown.

Exploration of the New World was part of expanding nationalism in Europe. Countries which found new lands expected to take home all the riches for themselves. Spain was no exception. Royal decrees forbade trade of any kind between Puerto Rico and other places except the Mother Country, and limited that to one port in Spain and one port in Puerto Rico. The Spanish fleet was too small to pay very

(1) 100 miles long and 35 miles wide, Puerto Rico is a rectangle two-thirds the size of Connecticut. Two-thirds of it is taken up by hills reaching to 4,500 feet. One fourth of it lies between 1,000 and 3,000 feet altitude.

much attention to the island when there was the rich trade of Peru and Mexico to carry. Merchant ships dared not make the voyage alone for fear of the Caribbean pirates. So Puerto Rican trade languished.

With markets lacking, there was no compelling reason for the handful of aristocrats who had the necessary money to do anything to develop farming in the island, or to build roads to bring crops from the country into the city. Puerto Rico existed as an isolated series of valleys. Years went by with no ships except those of marauders and smugglers.

The feudal landlords complained to the Crown, and the Crown commissioned Don Alejandro O'Reylly to visit the island and report on conditions. He saw the land problem for what it was, and recommended that all lands granted to settlers but not used productively should be confiscated and divided among small farmers. He also advocated that the government go into business by buying a sugar mill and operating it as a yardstick to measure the performance of others and to show the way for industrial development of native products.

Don Alejandro offered his solution of the land problem in 1765. In 1815, a modified form of it was adopted. A Royal Decree granted foreigners of the Catholic faith permission to enter Puerto Rico (theretofore closed to immigration) with their slaves, till untilled lands "and return home with the riches obtained." Trade between the island and nations other than Spain was opened as an incentive.

The immigrants came. Farming and primitive industry flourished. But great tracts([2]) of land still remained in a few hands and owners of many of them now were strangers to the island and interested only in profits. Absentee ownership had begun.

By 1850, large scale cultivation was the rule. Popular resentment against it was noted by native writers. But no effective measures ([3]) were taken and more and more land

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([2]) Slave plantations stretched along the ocean shores and were devoted to the raising of cattle; coffee was grown in interior small farms where land was harder to till.

([3]) For measures taken, see Appendix "A".

accumulated under the control of a few persons with little or no interest in the welfare of the island which gave them their wealth.

It was not merely a matter of Puerto Rican pride or profit. The Island's right to govern itself was involved. There was a fundamental reason why the other Caribbean possessions of Spain—Venezuela, Colombia, Cuba, Haití, and Santo Domingo—won their independence in the days of Liberator Simón Bolívar while Puerto Rico did not. In those other lands it was the Creoles, American sons of Spaniards, who led the revolutions in order to be free to enjoy the fruits of their own farms and businesses. In Puerto Rico, the Creole class never had a chance to grow strong enough to overthrow the great landholding Spanish aristocrats.

In 1897, through threat of a revolt in company with Cuba, the Puerto Ricans finally did achieve an Autonomous status somewhat comparable to modern Statehood, but it was too late. The United States was a growing power. Puerto Rico had been a naval base all through its history. It had been as large a factor as any other, if not larger than any of the others, in keeping the Spanish Empire standing. To protect itself from the south and southeast, the United States took Puerto Rico from Spain in 1898.

Responsibility for solution of the Island's land problem shifted, almost overnight, from Madrid to Washington. Congress acted promptly. Moved partly by what it heard from Puerto Rico and partly by the United States public's anger at land speculation at home, the legislators on May 1, 1900, passed a resolution saying that no corporation could own more than 500 acres of the island.

This conservative enactment by a conservative Congress (Mc Kinley was President) was too radical for the landholders to accept voluntarily. And, since the resolution fixed no penalties for those who violated it, the absentee landlords held onto what they had and bought thousands of acres more.

Soldiers who had taken part in the occupation stayed to build citrus fruit groves which took up many acres, and profited well. A much more phenomenal growth took place

in sugar, which had been brought to the island centuries before from Santo Domingo and had been processed in hundreds of small mills turned by waterpower on the big cattle grazing estates. Under American sovereignty, sugar soon outstripped coffee (the traditional cash crop of the island) as an export, for sugar profits were handsome due to Puerto Rico's inclusion within United States tariff walls.([4])

While the number of people who owned land grew steadily smaller, the number of people living on the land grew rapidly larger. In 1815, the population was 220,892; in 1864, it was 443,139; in 1897, it was 894,302 and in 1900 there were 953,243 people.

Although small native farmers, succumbing to fancy prices, accentuated the problem by selling their lands to the corporations ([5]) the people as a whole sought some effective way to stop the growth of the land monopoly. Local land registrars responded to popular pressure and refused to legalize deeds for property transfers which violated the 500 acre limit. The sugar corporations took two of these registrars (don José Benedicto and don José S. Belaval) to court, and there obtained a ruling that only the Attorney General of the island could initiate action in such cases.

The sugar companies reached out still further. They built railroads, dominated shipping, entered the food and clothing business on a large scale through plantation stores, dictated wages and working conditions by controlling the source of employment, and influenced taxation and legislation in general.([6]) The investments were tremendous,([7]) the pro-

([4]) A Puerto Rican Senate document entitled "The Sugar Industry in Relation to the Social and Economic System of Puerto Rico" says tariff benefits over a period of years average slightly more than half of sugar's income. A more recent added benefit of United States sovereignty is AAA subsidies, more than half of which went in 1941 to 97 big growers, less than one per cent of the total.

([5]) The 1930 census, made while the land struggle was at its height, showed 5,506 fewer farms in Puerto Rico than in 1910. Farms run by non-owner managers increased in this same period from 1,170 to 3,374 in number. Although these managed farms constituted only 6.4 percent of all farms, they included 34.1 percent of all the farmland. Violators of the 500 acre law, 367 out of a total of 58,371 landholders, controlled almost a third of all farm land. Meanwhile, farms less than 20 acres, numbering 72 percent of the farms, occupied only 12.4 percent of the farmland.

([6]) For a summary of sugar's extent and effects in Puerto Rico, at that time, see Appendix "B". To ameliorate conditions described there, the Government since 1940 has fixed minimum wages, raised income taxes, prohibited company stores and placed the sugar industry under public service regulation.

([7]) They are tabulated in Appendix "C".

fits generous;([8]) to protect them, the companies fought for a change in the 500 acre law to permit them to legally own more land.

The struggle between a people seeking freedom from foreign domination of its very existence and a business seeking to hold its wealth was near its height when the hurricane of 1928([9]) struck. Coffee plantations, which had withstood sugar's encroachment and maintained a way of life in which the farm worker had at least enough land to grow his own needs, were ruined along with the citrus fruit groves. The island was still picking its way out of the wreckage when the wind struck again in 1932. The ruin then was almost complete.

The land problem had reached a crisis. To growing thousands of landless sugarcane laborers were added thousands of homeless coffee and fruit pickers. A fourth of the rural population and 15 per cent of all Puerto Ricans had been dependent on coffee. They came down from the desolated hills and squatted in primitive shacks on the edges of the towns. Unemployed, they had first to be fed and then restored to some kind of decent homes.

Enforcement of the 500 acre law was a logical beginning. To be enforceable, it needed teeth. These were provided in 1936 by the insular Legislature, prodded by a Liberal Party minority headed by Luis Muñoz Marín. Muñoz Marín, a poet-statesman, was born into politics. His late father, Luis Muñoz Rivera, was the "George Washington" of Puerto Rico, leader of the 1897 Autonomy movement and godfather of United States citizenship for Puerto Ricans in 1917.

Muñoz Marín had lived many years in the States, had written for liberal papers, was well known to leaders of the New Deal in Washington, and was able to command a friendly ear on the mainland for proposed solutions to his island's problems. The 1936 legislative act was such a proposal. It permitted quo warranto proceedings to take over acreage in excess of 500 acres.

President Roosevelt, sympathetic to the common man, mindful of the court rulings that only the Attorney General

([8]) For the figures, see Appendix "D".
([9]) Estimated damage: $85,000,000.

could prosecute the law, and remembering that former Attorneys General had not acted, appointed as Attorney General a man outspokenly in favor of the law's enforcement. This man was Benigno Fernández García.

What happened next was indicative of the sugar corporations' power. The appropriation for the Attorney General's office, whose approval was the joint responsibility of the Legislature and the Governor([10]) was curtailed to prevent any extended attack on the unlawful land monopoly. The Roosevelt administration stepped in and paid the costs of the litigation through a new social-economic reconstruction agency called the PRRA (Puerto Rican Reconstruction Administration). Before the end of 1936, the first court proceeding began, against a corporation known as Rubert Hermanos, Inc.

For four years the corporations carried on the battle. It was unconstitutional, they argued, to enforce a law whose violation had been accepted in practice for so many years. Finally the case reached the United States Supreme Court, which decided against the monopoly and for the Puerto Rican people.

The Puerto Rican Supreme Court decision, which the United States court approved, stated the Island's problem with sharp clarity.

"Puerto Rico has a total area of 3,435 square miles, equivalent to 2,198,400 acres, of which 1,200,000 are tillable," it said, pointing out that this land was virtually the only resource of a population of almost 2,000,000 persons.

On an average, there were more than 500 persons per square mile; there was less than an acre of tillable land per rural inhabitant; 251,000 acres, a fifth of all farm land, were devoted to sugar cane—not less than 196,757 acres of this the property of or under the control of absentee stockholders.

"The existence of large land holdings in a small agricultural country, abnormally over-populated and without basic industries other than those required for the preparation

([10]) The Governor then was Maj. Gen. Blanton Winship.

of agricultural products for the market, is contrary to the economic welfare of its people," the decision added, concluding:

"The end sought by the (500 acre) statute is to protect this small island and its population against monopoly which would end by making them mere serfs of a huge sugar factory."

While this argument went on in the courts, the PRRA made a friendly bargain with two sugar planters and bought the Lafayette and Los Caños Centrals to experiment with cooperative methods of handling the excess lands after they were taken over by the government. Smaller subsistence farms were created with land sold at half price by coffee, fruit and tobacco planters in return for reclamation of wind-wrecked plantations by PRRA labor. These new settlers were put into new houses grouped around central service farms designed to provide costly machinery and animals for the neighhorhood and at the same time to serve as community centers of education and health. Just as PRRA was beginning to make itself felt, Congress reduced its funds, and much of its program had to be abandoned.

In November of 1940, the year the United States Supreme Court decision was handed down, a new political party with Muñoz Marín at its head entered the quadrennial insular election with a promise to break up the land monopoly. Muñoz Marín was elected President of the Senate, and his party—the Popular—won a Senate majority and half of the House. It was the first time since United States occupation that a new political group had ousted a ruling party, in this case a coalition of Republicans and Socialists.

During the election campaign, the Popular candidates had publicy sworn to adopt a land law which they read to the people by radio. This law provided more teeth for the 500 Acre Act and set up machinery to redistribute among a larger number of people the illegally owned estates of the landed few. When the new Legislature met in 1941, the Land Law was passed. The Land Authority was created.

The Land Authority

The Land Authority is an agency within the Department of Agriculture and Commerce. Its members are the Commissioner of Agriculture and Commerce, who is its President; the Commissioner of Labor, the Commissioner of Interior and four citizens who profess belief in the wisdom of the Land Law. These last four are appointed by the Governor, for four year terms. The Authority's policies are carried out by an Executive Director also appointed by the Governor.([11])

The Authority's function is to buy and redistribute land which corporations now hold in excess of 500 acres.

Buying the Land

The Authority has three ways of acquiring property. One is expropriation. It is used only in those cases where landowners persist in defying the law. Another is through public sales resulting from court actions. The third is by agreement with the owners.

Most purchases, including the largest arranged up to now —the Cambalache Central—have been by agreement.

Redistributing the Land

The Authority has three ways of distributing the land it buys.

1. *Family Size Farms:* These may be from 5 to 25 acres in size. They may be sold in instalments running as long as 40 years. The sale price must equal the price the Authority paid plus 5 percent interest.

All applicants for these farms must be between 25 and 50 years of age, must have five or more years of farming experience with the crops he intends to plant on the land, or must be a graduate of an agricultural school.

No one owning an acre or more of land productive enough to support his family is eligible to buy one of these farms.

([11]) Members of the Authority are listed in Appendix "E".

2. *Proportional Benefit Farms:* These farms may range from 100 to 500 acres or more. They are intended to maintain economic advantages of large scale operation and to divide the profits among a larger number of persons.

They will be managed on a percentage of profit basis by an experienced farmer. Workers will be paid minimum wages according to insular law and in addition will receive a share of the profits proportionate to their work. Ownership will remain in the hands of the Land Authority.

3. *Subsistence Plots for Laborers:* This method of land distribution is directed at freeing the serfs of sugardom, the "agregados", or landless field workers. These people are the most helpless victims of the conflicting pressures of too many people on too little land. They have been in the position of conforming to the wishes of the landlords or losing even a place to stay.

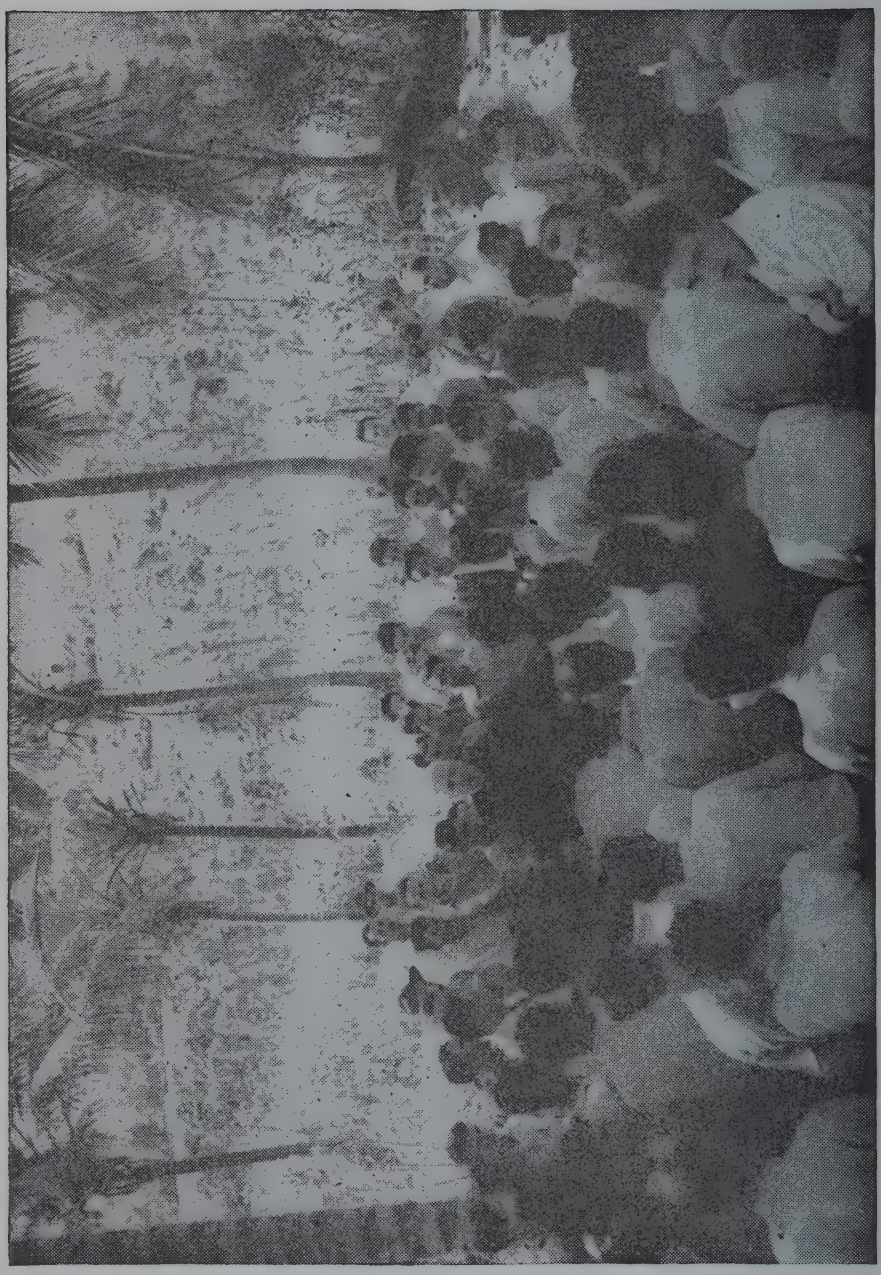
The Authority chooses these "agregado" plots near centers of employment. It divides them in quarter acres, half-acres, one-acre and three-acre tracts. The quarter acres are free and are held on perpetual non-transferable lease. The larger pieces can be bought on an instalment basis at the rate of two cents a day. Money collected for these small tracts is deposited in a fund to be used only for public improvements in that neighborhood.

In cases where the "agregado" does not have a house, the Authority may provide construction materials on loan up to a value of $150.00 and may pay for transportation of these materials. These loans must be repaid at the rate of not more than $3.00 a year, the money to be deposited in a special fund for constructing more houses for "agregados."

In each "agregado" settlement, space is set apart for public schools, churches and public welfare. There is a community pasture and a community playground.

Which "agregados" get land?

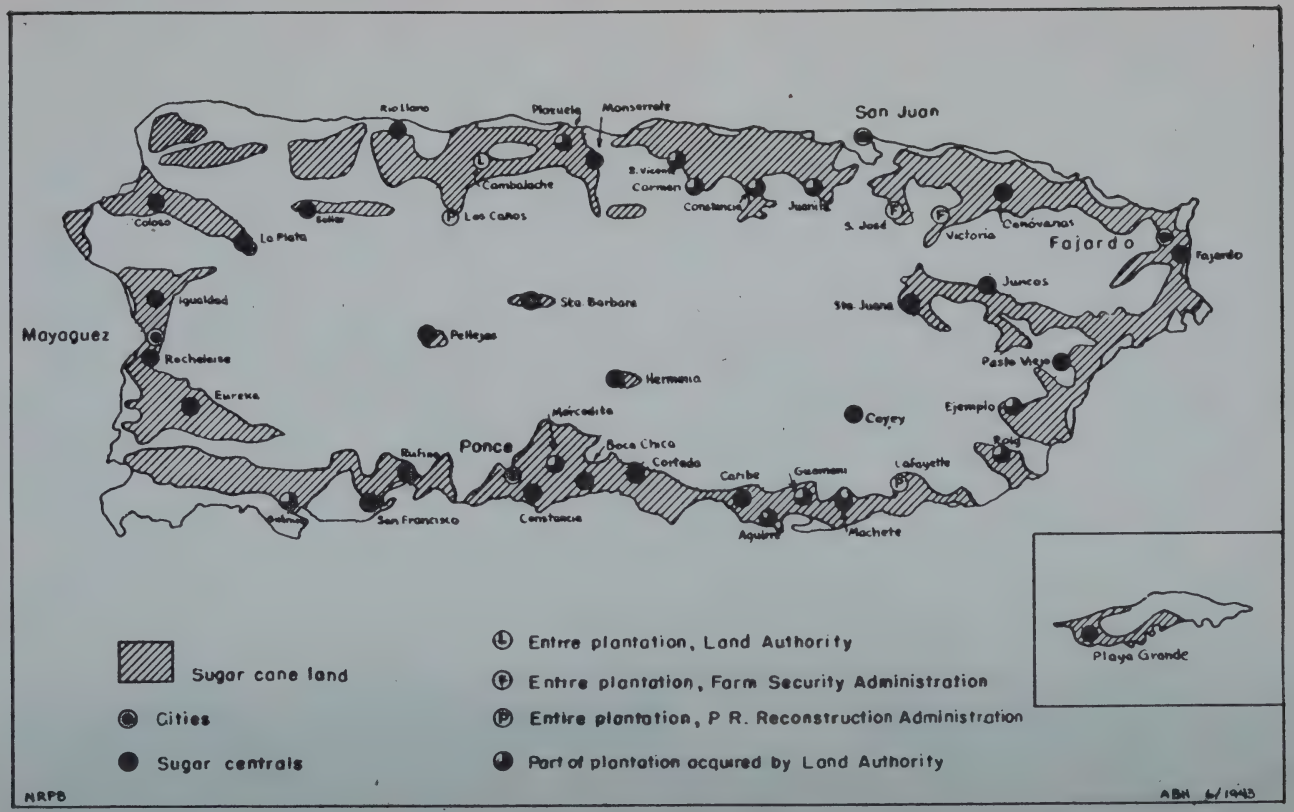
Puerto Rico has 150,000 "agregados". All of them could not possibly get land at the same time. How is it decided who gets land first? By drawing lots.



Dividing the Land

A farm is chosen by the Planning Division of the Authority to be divided into small plots. All the "agregados" dependent on that land are carefully investigated. Then the land is divided in a regular pattern, with space for streets every so often. Some parts of this pattern are more desirable than others because of location. Each part is numbered and the number is placed on a slip of paper. All the slips together are mixed up in a hat and the "agregados" of that neighborhood each draw a slip from the hat. The number of the slip is the number of his plot.

When there are more eligible "agregados" than there is land to be distributed, blank slips are placed with the numbered slips until there is an equal number of "agregados" and of numbered and blank slips. When an "agregado" draws a blank paper, he understands that it is his luck to wait for the next drawing. In the next drawing, he automatically has a preference in the draw.



Feudalism Looses its Grip

ACCOMPLISHMENT

How far Puerto Rico's land program has progressed toward its major objective, the breaking of the stranglehold of the great corporations, is shown graphically in the map opposite this page. Not all of this has been done by the Land Authority([12]) but the Authority is constantly assuming a larger share of the task, in keeping with the Island's desire to play an increasingly responsible role in its own government.

What has happened to lands over 500 acres in extent can be seen by reading complementary charts Nos. 1 and 2.

Up to June 10, 1943, the Authority appraised 38,105.25 acres of land (an eighth of the total sugar land harvested in 1941–42) at $4,695,657.79. More than half of this—21,556.56 acres valued at $1,893,063.31—was intended for distribution among "agregados". The rest was for a number of 5-to-25-acre farms and one proportional benefit farm.

([12]) In addition to the PRRA, the Farm Security Administration has been active. Its small field office was enlarged as a result of the 500 acre study conducted in 1940 by Dr. Rexford Guy Tugwell, who as Assistant U. S. Secretary of Agriculture, helped pioneer Puerto Rican reconstruction in 1934. Dr. Tugwell since has become first Chancellor of the University and then Governor of the Island. As Governor, he appointed the first Land Authority.

CHART No. 1

CORPORATIONS HOLDING LANDS IN EXCESS OF 500 ACRES

Roig Group	8,328.767
Compañía Azucarera "El Ejemplo"	
Yabucoa Sugar Company	
Antonio Roig Sucesores, S. en C.	
East Porto Rico Sugar Company	
Plata Sugar Company	1,737.60
Plata Sugar Company	
Asociados del Pepino	
(Company has agreed to sell all over 500 acres.)	
Plazuela Sugar Company	7,169.43
Plazuela Sugar Company	
Compañía Giorgetti, S. en C.	
South Porto Rico Group	24,000
South Porto Rico Sugar Co. of New Jersey	
South Porto Rico Sugar Co. of Puerto Rico	
Russell & Company, Sucesores	
(Company has agreed to sell all over 500 acres.)	
Aguirre Group	20,113
Central Aguirre Associates	
Central Aguirre Sugar Company	
Central Machete Company	
Luce & Company, S. en C.	
Fajardo Group	23,800
The Fajardo Sugar Company	
The Fajardo Sugar Growers' Association	
Loíza Sugar Company	
(Sale agreement pending for all over 500 acres.)	
Central Cambalache	9,513.2
Eastern Sugar Associates	31,002.28
Central Victoria, Inc.	2,621.34
Central Juanita, Inc.	1,192.883
Central Alianza	2,126.82
Compañía Azucarera Saurí & Subirá	743.08
Colonos de Córsica	639.63
Compañía Azucarera del Toa (pending consent decree)	6,864.64
Soller Sugar Company	1,120.70
Central Coloso, Inc.	7,066.408
Rubert Hermanos, Inc. (In the hands of a receiver)	12,188

NOTE: Does not include 500 acre-or-more tracts owned by individuals, who are not affected by the land law.

SOURCE: 500 Acre Section
Puerto Rico Justice Department.

CHART No. 2

LAND PURCHASED FROM CORPORATIONS HOLDING MORE THAN 500 ACRES

Roig Group	
Compañía Azucarera "El Ejemplo"	261.5
Yabucoa Sugar Company	
Antonio Roig Sucesores S. en C.	
East Porto Rico Sugar Company	
Plata Sugar Company	
Plata Sugar Company	
Asociados del Pepino	
Plazuela Sugar Company	
Plazuela Sugar Company	56.98
Compañía Giorgetti S. en C.	
South Porto Rico Group	
South Porto Rico Sugar Co., of New Jersey	
South Porto Rico Sugar Co., of Puerto Rico	
Russell & Company, Sucesores	182.4862
Aguirre Group	
Central Aguirre Associates	
Central Aguirre Sugar Company	
Central Machete Company	
Luce & Company, S. en C.	179.5624
Fajardo Group	
The Fajardo Sugar Company	
The Fajardo Sugar Growers Association	
Loíza Sugar Company	
Central Cambalache	9,513.2
Eastern Sugar Associates	
Central Victoria, Inc. (F. S. A.)	2,621.34
Central Juanita	391.216
Central Alianza	
Compañía Azucarera Saurí & Subirá	
Colonos de Córsica	
Compañía Azucarera del Toa	
Central Constancia	121.72
Soller Sugar Co.	
Central Coloso	
Rubert Hermanos, Inc.	345.08

NOTE: Other purchases have been made from individuals owning more than 500 acres.

SOURCE: Puerto Rico Land Authority.

From this appraised acreage, the Authority had bought about 40 farms totaling 16,233.20 acres. Twenty-five of these farms had been distributed in 3,655 pieces,([13]) ranging from one fourth acre to an acre. Two of every hundred "agregados" in Puerto Rico had been given homes of their own.

In addition to land, the Authority provided these settlers with seeds and loans to build simple houses.

The big test of the Authority was just beginning. The first proportional benefit farm, Cambalache's 9513.2 acres, was in the Authority's possession, but would be in full operation under Authority control only with the start of the fiscal year 1943–44. It was a $1,355,045.15 investment.([14]) How would it work?

Its guiding principle, that of keeping the advantage of bigness in order to divide greater profits among the workers, had been tried with varying success by P.R.R.A. at Lafayette([15]) and Los Caños, by FSA at San José and Victoria. The mistakes of these who had gone before could be warning posts along the road.

One thing was certain. The community center originated by P.R.R.A., with its church, its school and its health clinic, would be incorporated in Cambalache's proportional benefit farm. Sound bodies and quick minds were vital to the fight against feudalism. And the Land Law, in its own text, had built its foundations on the word of God.

([13]) Appendix "F" shows how the land was divided.

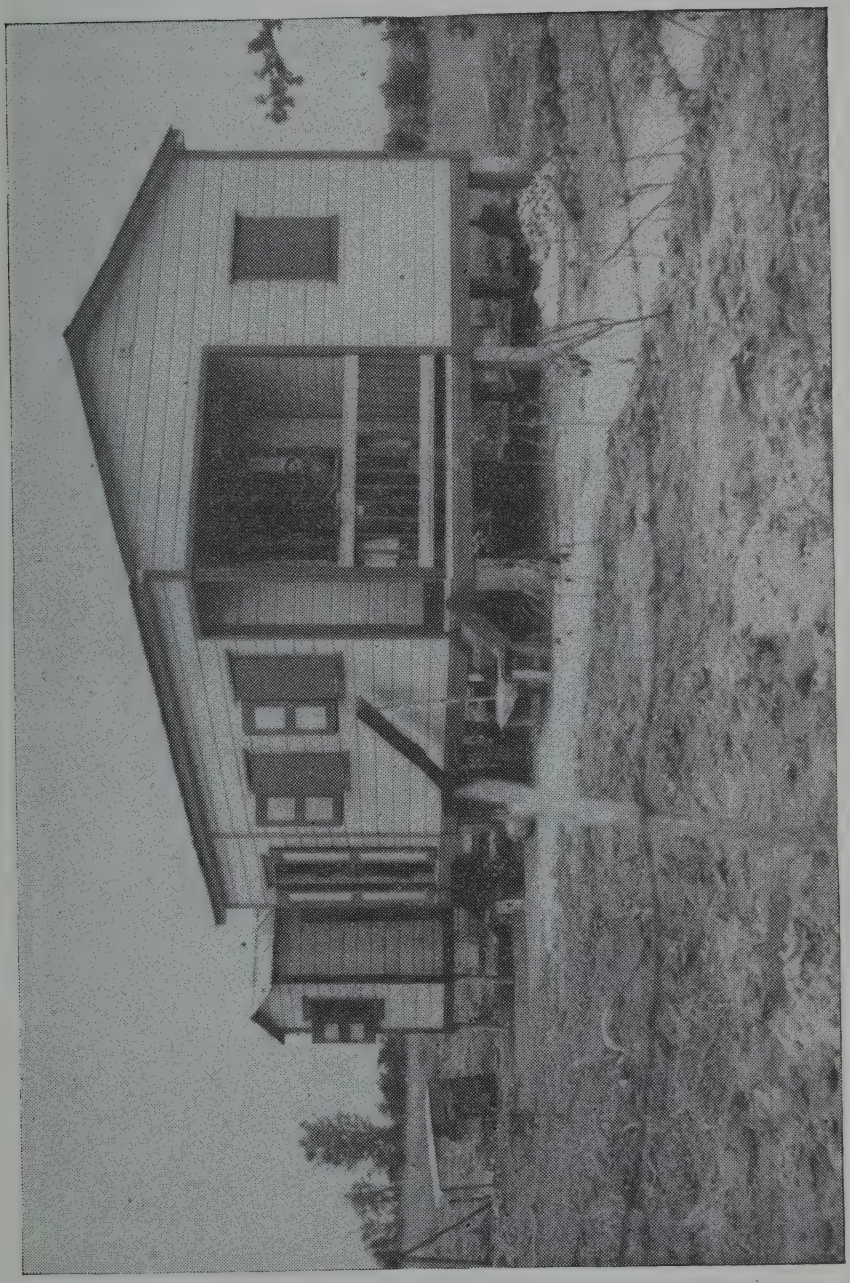
([14]) For an understanding of the size of this undertaking—and incidentally, of the strength and wealth of a typical Puerto Rican sugar central, turn to Appendix "G".

([15]) Originally organized as a cooperative mill grinding the cane of surrounding canelands cooperatively owned and operated by the workers, Lafayette has abandoned the cooperative management of the land and sold the acreage to private farmers. The mill still operates cooperatively. Los Caños has been a cooperative mill only since its inception.

THE STORY IN PICTURES

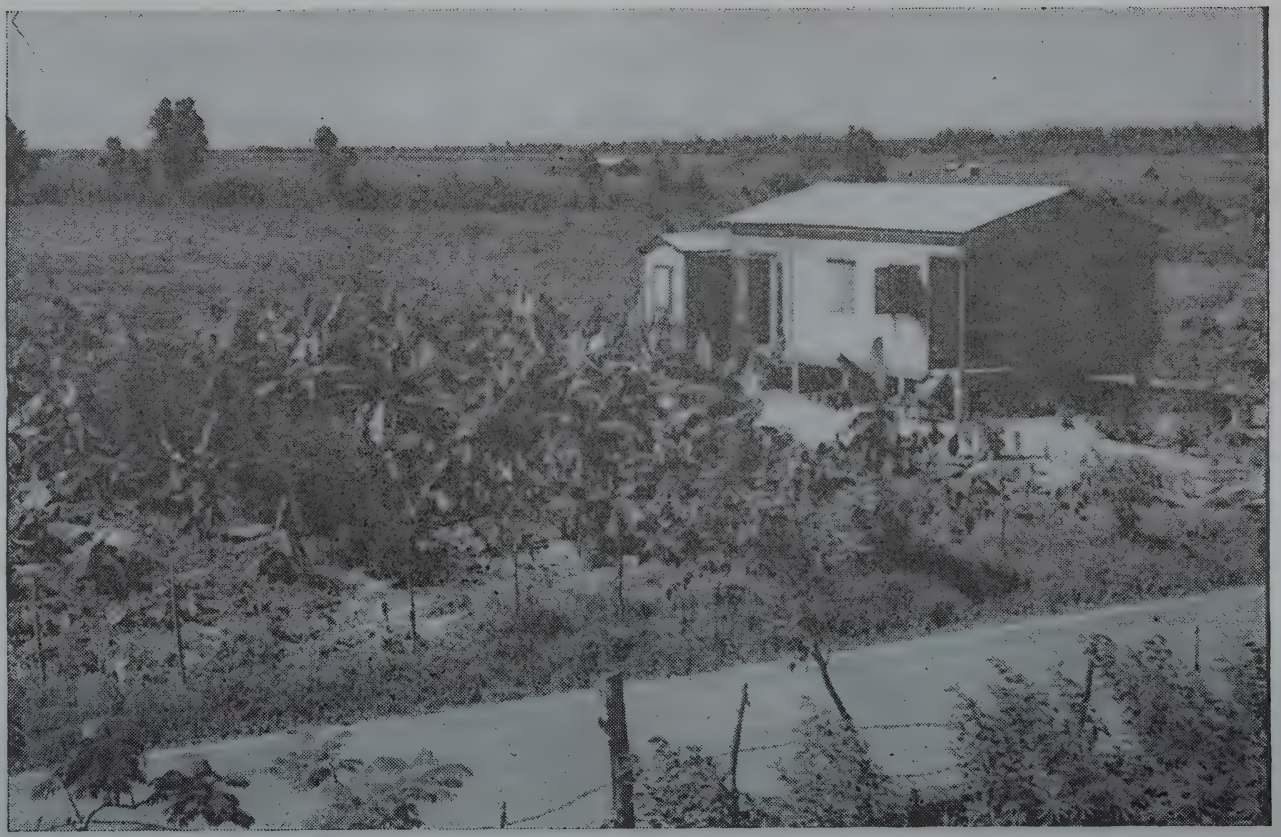
An "Agregado" Disappears: Scene 1

Before He Drew His Slip of Paper



An "Agregado" Disappears: Scene 2

60 Days Later—The House Is Up



A Year Later—Fences Up, Crops In

WHAT ABOUT THE COST?

The Legislature has appropriated $4,300,000 for the land program. If the Authority requests it, the Treasurer may issue bonds up to $5,000,000, of which the Authority may spend $4,500,000. The Authority itself may issue bonds up to 75 per cent of the value of all the land it has bought.

Because of the war, and the Insular Government's desire not to limit its credit during the emergency period, no bonds have been issued. The land program has moved slowly, conservatively, soundly.

The difficulties encountered in the beginning have gradually disappeared. Once antagonistic large land owners are more willing to cooperate. Early fears that the sugar industry was to be destroyed have been proved groundless by experience.

The Land Authority does not claim to be a panacea for all evils. It does aspire to a broader distribution in Puerto Rico of Land and Liberty.

APPENDICES

APPENDIX "A"

EFFORTS TO ALLEVIATE PUERTO RICO'S LAND PROBLEM

1541

King Charles I orders that pastures, woods and waters constitute common property.

1744

Governor Juan José Colomo makes census of property titles; finds more than 200 parcels of land unregistered. King orders the 200 parcels broken up and distributed in small lots.

1785

Governor decrees equitable distribution of lands and their legal registration. War with England and France halts this but landless forcibly occupy public lands whose legal extension was not registered.

1869

Slavery abolished.

1900

Congress passes 500 acre act.

1936

Legislature passes quo warranto law.

1941

Legislature passes Land Law.

APPENDIX "B"

FROM SENATE DOCUMENT No. 1 OF THE FIRST 1941 SESSION OF THE PUERTO RICAN LEGISLATURE ENTITLED

"REPORT ON THE SUGAR INDUSTRY IN RELATION TO THE SOCIAL AND ECONOMIC SYSTEM OF PUERTO RICO"

"Sugar is everything and everything is sugar . . . . . The industry has absorbed the level fertile valleys of the Island. Mountainous and less desirable soils are planted mainly in tobacco, coffee and minor crops. . . . .

CONTROL OF FARMING

"On the average, the value of the sugar cane crop has been 5½ times larger than the tobacco crop and 7¾ times larger than coffee. (It) . . . has never been below three times larger than the value of the tobacco or the coffee crop (but) . . . there have been years during which the value of the cane crop has amounted to 32 times the value of the coffee crop and 45 times the value of the tobacco crop. . . . .

CONTROL OF IMPORTS

"Puerto Rico buys the major necessities of life in the mainland and pays for them mainly through her exports of sugar products. For the past 10 years, the value of sugar and molasses exported from Puerto Rico has been on the average 65 per cent of the value of all imports into the mainland. . . . .

CONTROL OF SHIPPING

"Indicative of the dominating position of this industry is the outgoing freight of the Island. . . . . Out of 20 ports where shipments exceed 1,000,000 cargo tons, 17 are wholly 'sugar ports' . . . . . Over 80 per cent of the storage capacity at six of the nine most important ports is devoted to sugar. Fifteen per cent of the storage capacity at San Juan, the only genuine general commercial port, is used for sugar. . . . .

CONTROL OF RAILROADS

"The influence of sugar in internal communications is just as notorious. . . . . Of an estimated total mileage of 1,485 kilometers for all the railway systems of Puerto Rico, 924 kilometers, or 62 per cent of the total, is controlled by sugar . . . . . Not less than 90 per cent of the total tonnage handled through these systems is

sugar. . . . . The American Railroad Company of Puerto Rico . . . is the only independent system of any importance; 85 per cent of its freight revenue is derived from sugar. . . . .

"The horizontal expansion of sugar cultivation, i.e., control of large land holdings, would not have been possible without the control of the railroads. The sugar industry built the railroads and still controls them. . . . .

Control of Labor

"It is estimated that, as a whole, the sugar industry employs directly around 100,880 persons out of which 92,398 are farm laborers. It is the largest single employer, employing around 20 per cent of the workers reporting a gainful occupation.

"It is estimated that the sugar industry pays around $30,000,000 in wages per annum. This is over one-third the average value of imports into the Island and not less than 40 per cent of the total wages paid to all agricultural laborers in Puerto Rico. . . . . NRA reported a total annual volume of business for manufacturing industries, trading businesses and agricultural enterprises amounting to $168,055,072. . . . . The Sugar Industry . . . was credited with $51,452,871 or 31 per cent of the total. . . . . .

Control of Wealth

"The public wealth is estimated at $93,089,761 or about 18 per cent of the total wealth of $523,240,000; consequently, the private wealth is 82 per cent of the total. Of the private wealth, approximately 36 per cent is sugar wealth.

". . . . . .

Control of Income

"The sugar industry of Puerto Rico has been unusually prosperous, ... The records of the three largest mills (which produce nearly one-third of the total sugar manufactured in Puerto Rico) will demonstrate this point beyond doubt. . . . . From 1920 to 1935, Centrals Aguirre, South Puerto Rico and Fajardo Sugar Co., have paid cash dividends of practically $50,000,000 and slightly over $10,500,000 in stock dividends or total dividends paid of around $60,500,000. The surplus earnings of these three sugar mills for the same period amount to slightly over $20,500,000. Altogether, therefore, these three companies alone have paid dividends and have accumulated a surplus amounting to over $80,000,000. The average

combined annual returns on capital since 1922 has been 19 per cent. During 1928 the average return was as high as 31 per cent, but the average return in four years out of the thirteen year period has been over 25 per cent and these companies, in various occasions had dividends of 100 per cent and more. . . . .

Control of Labor's Buying

"It has been estimated by the Brookings Institution . . . that . . . sales of company stores (to employes) do not exceed $1,000,000 a year. They refer undoubtedly to the stores operated by Central Aguirre, South Puerto Rico Sugar Co., Fajardo Sugar Co., and to Eastern Sugar. We agree with this estimate, but a study of business permits for retailing indicates . . . many . . . smaller sugar . . . stores, some under a sort of a 'concession method,' others . . .(by) members of the family and friends (of sugar planters) and others operating as secret partners. . . . . Annual . . . sales . . . by this latter group are not less than $2,000,000, making an estimated total of $3,000,000 which represents at least 12 per cent of the total amount paid in wages by the sugar industry. . . . .

"Twelve cents out of every dollar paid in wages is recovered through the operation of stores. . . . . Although many of these stores are operated with the commendable objective of reducing prices to labor consumers not all of them have that aim. In many cases the only thought in mind is to 'recover the pay roll'. . . . .

"From the point of view of labor, there is something more objectionable in the operation of these stores by large landowners. As large landowners in farms far from public roads do not tolerate competitors, laborers have to buy only in their stores. . . . . After some time they lose contact with other retailers who would probably extend them credit in case of a strike. . . . . Their bargaining power is seriously weakened. . . . . (And since) laborers in sugar plantations own practically no land, no food animals, have no savings, and live in the landowners' houses free of rent, they are subject to be ousted easily.

". . . . . .

Control of Politics

"Study among 345 men made by Professor José C. Rosario of the University of Puerto Rico showed that 36 per cent followed the party affiliation of their employers. Any conclusion derived from

such a small sample is of doubtful value. However, the matter does not require any figures. Any honest citizen in Puerto Rico must admit that the buying of votes is a very prevalent practice.

". . . . . .

Control of Tariff Benefits

"It is estimated conservatively that the tariff benefit to the sugar industry (is) . . . slightly over 50 per cent of the value of sugar shipped. . . . . Yet, total earnings, including interest on investment, are 45 per cent. On this basis, out of tariff benefits . . . entrepeneurs receive 1.45 times a larger share of benefit than laborers. And there are only 8,000 sugar-cane entrepeneurs as compared with around 90,000 laborers representing approximately 475,000 persons or 28 per cent of the total population of the Island.

". . . . . .

"Out of the total cost added by the tariff to goods imported from the United States into Puerto Rico, 90 per cent is shared by consumers' goods. . . . . The burden . . . falls practically in its entirety on consumers, the largest single group of whom are laborers employed in the sugar industry. Yet, . . . the benefit received from tariff protection is overwhelmingly shared at the end by a few entrepreneurs, the majority of whom are absentee owners.

"The situation may be better appreciated when it is known that in 1934–35 the cost added by the tariff was 74 per cent in the case of rice, 40 per cent in wheat flour, 78 per cent in dried beans and 27 per cent in codfish; and 50 per cent of the food expenditures of laborers in Puerto Rico is spent for these goods. . . . .

Control of Taxes

"When property taxes paid for the same group of farms are expressed in percentage of gross income the situation is as follows:

"Sugar-cane farms	3.5 per cent
"Coffee farms	6.5 per cent
"Tobacco farms	6.6 per cent
"Minor crop farm	6.7 per cent
"Subsistence farms	15.3 per cent

"The estimated sugar-cane wealth of the island is 36 per cent of all taxable wealth. Yet, the sugar industry paid only 23 per cent of all revenues of the government while all other tax paying groups whose taxable wealth was estimated at 64 per cent of the total contributed 75 per cent of all revenues of the government.

"Average rates of property taxation tend to be lower in sugar-cane municipalities than in coffee or tobacco municipalities as follows:

DISTRIBUTION OF MUNICIPALITIES CLASSIFIED AS SUGAR-CANE, COFFEE, TOBACCO AND PROPERTY TAXES LEVIED IN THESE MUNICIPALITIES

Property Tax Rates	Number of Sugar Municipalities	Per Cent	Number of Tobacco Municipalities	Per Cent	Number of Coffee Municipalities	Per Cent
1.65—1.74	2	4.5				
1.75—1.84	2	4.5	1	5.9		
1.85—1.94	3	6.8			4	30.8
1.95—2.04	8	18.3	3	17.6	1	7.6
2.05—2.14	10	22.7	5	29.4	2	15.4
2.15—2.24	12	27.3	6	35.3	2	15.4
2.25—2.34	4	9.1	2	11.8	4	30.8
2.35—2.44	2	4.5				
2.45 & Over	1	2.3				

APPENDIX "B"

COMPARATIVE DEATH RATES IN CERTAIN AREAS OF PUERTO RICO BY CAUSES OF DEATHS 1936

(PER 100,000 INHABITANTS)

Causes of Deaths	Puerto Rico	Sugar Area	Coffee Area	Tobacco Area
All Causes	1,840.0	1,835.0	1,814.0	1,446.3
Tuberculosis	304.5	226.5	384.6	277.6
Malaria	126.2	155.1	31.7	45.9
Diarrhea and Enteritis	368.6	371.0	300.3	265.0
Infant Mortality	114.7	109.4	116.3	93.1

COMPARATIVE DEATH RATES IN PUERTO RICO AND THE UNITED STATES FOR CERTAIN DISEASES

(PER 100,000 INHABITANTS)

	United States * 1939	Puerto Rico * 1939
Diseases of the heart	276.1	116.2
Cancer & other malignant tumors	117.8	53.8
Intracranial lesions of vascular origin	88.0	28.0
Nephritis	83.1	108.0
Influenza & pneumonia, all forms	75.9	192.0
Congenital malformation & diseases pertaining to first year of life	48.5	*
Tuberculosis, all forms	47.2	258.4

* Not given.

APPENDIX "B"

SUGAR WORKERS' INCOME BY FAMILIES

ESTIMATED ANNUAL INCOME OF 648 FAMILIES EMPLOYED IN THE FARMING PHASE OF SUGAR IN PUERTO RICO

Annual Income	Number of Families	Per cent	Accumulative Per cent		Annual Income per Family
			Descending	Ascending	
Total	648	100.0	.....	.....	$252.87
Less than $100	53	8.2	8.2	100.0	72.43
100—199	241	37.2	45.4	91.8	151.93
200—299	183	28.2	73.6	54.6	239.39
300—399	80	12.3	85.9	26.4	342.71
400—499	42	6.5	92.4	14.1	432.92
500—999	47	7.3	99.7	7.6	651.29
1,000 or more [1]	2	.3	100.0	.3	1,695.31

[1] One family with five workers reported an annual income of $2,317.20.
Source: Puerto Rico Minimum Wage Board.

SUGAR WAGES BEFORE AND SINCE 1940

Occupation	Large Mills		Small Mills*		(1939)
	(1943) (1942)	(1941)	(1943) (1942)	(1941)	
(a) Unclassified workers	$1.50	$1.30	$1.40	$1.30	
(b) Irrigation workers; pump operators	1.70	1.51	1.55	1.40	
(c) Sugar cane cutters; crane operators; cane-car loaders	1.80	1.51	1.65	1.40	15 cents an hour
(d) Car-men; wagon loaders	1.90	1.68	1.75	1.51	
(e) Tractor operators	2.20	2.00	2.05	1.84	$3.48 a week for
(f) Assistants to carpenters, masons, mechanics, painters, electricians and other art and craft workers	2.40	.....	2.20	.....	23-hour week
(g) Carpenters; masons; mechanics; painters; electricians and other art and craft workers	3.25	.....	3.00	.....	

*Mills producing less than 300 tons of cane in 1941–42.

The above table covers field workers. Factory workers are shown in the following table

Occupation	1942–1943	1941	1939
(a) Unclassified workers	$.33	$.30	
(b) Stockers, weighers, stevedores	.35	.32	30.8 cents
(c) Assistants to mechanics, electricians and other art and craft workers	.35–½	.32–½	an hour;
(d) Greasers; washers; sugarcane juice levelers; filter, pump, and boiler workers; light locomotive workers	.36	.33	$10.56 a
(e) Medium locomotive workers	.39	.36	
(f) Mechanics, electricians	.40	.33–¼	week for
(g) Carpenters, masons, blacksmiths, turners, welders, and other art and craft workers	.44–¾	.41–¾	34.3 hrs.
(h) Heavy locomotive workers	.46–¼	.43–¼	

APPENDIX "C"

NET INVESTMENT, THREE AMERICAN-OWNED SUGAR COMPANIES AND ALLIED INTERESTS

(IN DOLLARS, 000 OMITTED)

	Aguirre	Fajardo	South Porto Rico	Total
1923	10,892	7,494	9,984	28,370
1924	10,648	7,853	10,997	29,498
1925	11,128	8,299	11,745	31,172
1926	11,150	9,196	10,525	30,871
1927	12,336	9,357	12,059	33,752
1928	13,649	9,048	13,911	36,608
1929	12,733	8,146	13,651	34,530
1930	13,385	8,359	14,091	35,835
1931	13,399	8,585	12,420	34,404
1932	13,734	9,262	13,311	36,307
1933	13,842	9,166	13,644	36,652
1934	14,936	11,058	8,806	34,800
1935	15,412	12,217	8,835	36,464
Averages 1923–1935	12,865	9,080	11,845	33,790

Source: "The Sugar Economy of Puerto Rico", Gayer, Homan, James.

APPENDIX "D"

CAPITAL AND SURPLUS, NET INCOME AND PERCENTAGE OF PROFIT OF FOUR SUGAR COMPANIES OF PUERTO RICO: 1927–1941

(THE AMOUNTS IN MONEY ARE THOUSANDS)

Year	Central Aguirre Associates			Eastern Sugar Associates			Fajardo Sugar Company			South Porto Rico Sugar Company			Total for the Four Companies		
	Capital and Surplus	Net Income	Percentage of Profit	Capital and Surplus	Net Income	Percentage of Profit	Capital and Surplus	Net Income	Percentage of Profit	Capital and Surplus	Net Income	Percentage of Profit	Capital and Surplus	Net Income	Percentage of Profit
1927	$12,336	$2,492	20.2	$6,261	$572	9.1	$9,357	$902	9.6	$30,352	$3,118	10.3	$58,306	$7,084	12.1
1928	13,649	2,756	20.2	8,985	617	6.9	9,047	502	5.5	32,265	4,279	13.3	63,946	8,154	12.8
1929	12,553	300	2.4	8,341	—406	.....	8,146	—721	.....	32,265	2,279	7.1	61,305	1,452	2.4
1930	13,204	1,727	13.1	8,516	410	4.8	8,360	223	2.7	31,874	1,512	4.7	61,954	3,872	6.2
1931	13,260	1,087	8.2	7,179	—1,219	.....	8,586	226	2.6	32,336	1,294	4.0	61,361	1,388	2.3
1932	13,351	1,362	10.2	6,379	—494	.....	9,262	702	7.6	33,930	2,292	6.8	62,922	3,862	6.1
1933	13,685	1,879	13.7	(1)	.....	.....	9,166	—49	.....	33,836	2,056	6.1	56,687	3,886	6.9
1934	14,758	2,199	14.9	3,926	.....	.....	11,054	1,903	17.2	28,725	1,854	6.5	58,463	5,956	10.2
1935	15,218	1,598	10.5	4,408	428	9.7	12,218	1,635	13.4	28,590	1,756	6.1	60,434	5,417	9.0
1936	16,257	2,545	15.7	5,555	1,131	20.4	13,895	2,306	16.6	28,638	2,635	9.2	64,345	8,617	13.4
1937	16,767	2,947	17.6	5,885	291	4.9	14,413	1,757	12.2	28,654	2,538	8.9	65,719	7,533	11.5
1938	17,218	1,973	11.5	9,678	455	4.7	14,148	1,235	8.7	28,257	1,235	4.4	69,301	4,898	7.1
1939	18,289	1,134	6.2	10,224	474	4.6	13,808	778	5.6	29,036	1,975	6.8	71,357	4,361	6.1
1940	18,393	1,221	6.6	10,481	257	2.5	13,765	711	5.2	28,974	2,012	6.9	71,613	4,201	5.9
1941	18,798	2,097	11.2	11,467	986	8.6	14,081	1,083	7.7	27,991	201	0.7	72,337	4,367	6.0

(1) Organized in 1926 as United Porto Rican Sugar Company and reorganized in 1933–1934 under the name of Eastern Sugar Associates.
Source: Puerto Rico Minimum Wage Board.

APPENDIX "D"

NET PROFIT OF CORPORATE GROUPS OF FIVE ECONOMIC DIVISIONS OF THE U. S. SUGAR SYSTEM: 1925–1937

Year Average	Sugar Beet Manufacturers		Hawaiin Sugar Cane Manufacturers		Puerto Rican Sugar Cane Manufacturers		Florida Sugar Cane Manufacturers		Continental Sugar Cane Refineries	
	Thousands of dollars	Capital Stock Percentage	Thousands of dollars	Capital Stock Percentage	Thousands of dollars	Capital Stock Percentage	Thousands of dollars	Capital Stock Percentage	Thousands of dollars	Capital Stock Percentage
1925–33	3,046	2.54	8,417	6.24	4,194	7.52	—247	—18.58	10,842	5.21
1934–37	11,066	9.89	9,729	7.17	6,881	11.06	554	8.46	4,383	2.26

Appendix "E"

LAND AUTHORITY MEMBERS

Fernando A. Villamil, Commissioner of Agriculture------Chairman

Ralph Will, Director Puerto Rico Office, Farm Security Administration ----------Vice Chairman

Sergio Cuevas Bustamante, Commissioner of Interior

Manuel A. Pérez, Commissioner of Labor

Rafael Menéndez Ramos

Agricultural chemist, former sugar central manager, former director Insular Experimental Station, former technical director Cuban Dominican Sugar Co., former Dean College of Agriculture and Mechanical Arts of Mayagüez, former Commissioner of Agriculture and Commerce, eight times Acting Governor of Puerto Rico, co-author of the Chardon Plan which produced the PRRA.

Francisco L. Anselmi, Chemist

Ramón Colón Torres

Agronomist, worked his way up from time keeper at a sugar central to Agricultural Extension Agent, Assistant Agricultural Economist and then Associate Economist at the Experiment Station.

LAND AUTHORITY OF PUERTO RICO

APPENDIX "F"

PARCELS DISTRIBUTED TO "AGREGADOS" UP TO MAY 1, 1943

Project	Village	Municipality	Date distributed	Parcels 1 Acre	Parcels ½ Acre	Parcels ¼ Acre
Sabana Seca	Sabana Seca	Toa Baja	1-27-42	131		
Sabana Seca	Sabana Seca	Toa Baja	3-21-42	102		36
Potala	Pastillo	Juana Díaz	5-9-42			116
Candelaria	Candelaria	Toa Baja	6-24-42	255		34
Mameyal	Mameyal	Dorado	7-21-42	105		
Palomas	Palomas	Comerío	8-14-42	56		1
Espinosa	Espinosa	Vega Alta	9-11-42	73		
González	Culebrinas	San Sebastián	9-29-42	89		34
Carriones	Arenalejos	Arecibo	10-21-42		48	
Niágara	Cuyón	Coamo	11-1-42	9	80	3
Vázquez	Lapa	Salinas	12-30-42	208		
Coquí	Coquí	Salinas	1-9-43			159
Ceiba	Ceiba	Vega Baja	1-20-43	128	1	4
Milagros	Buenos Aires	Lares	1-30-43	151		
Llanos	Llanos	Coamo	2-3-43	105		22
Miranda	Almirante Sur	Vega Baja	2-25-43	80		1
Carrasquillo	Monte Llanos	Cayey	3-6-43	21		143
Aguas Claras	Chupacallos	Ceiba	3-12-43	191	3	35
Reparada	Ponce-Playa	Ponce	3-22-43			368
Adrían Acevedo	Maravilla Este	Las Marías	3-25-43	57		10
Muñoz Torrellas	Maravilla Sur	Las Marías	3-25-43	41		6
Seguí	Frontón	Ciales	4-7-43	96		
Sucn. Torres	Llanos	Aibonito	5-1-43	65	186	96
La Carlota	Guamaní	Guayama	6-5-43			241
Pole Ojea	Boquerón	Cabo Rojo	6-11-43	157		
TOTALS				2,120	318	1,317

APPENDIX "G"

CAMBALACHE CENTRAL

VALUE

Irrigation	$98,351.22
Improvements	65,023.00
Farm Equipment	62,960.00
Oxen	11,985.00
Lands	1,355,045.15
Total	$1,593,365.27

AREA PURCHASED

9,500 acres in four municipalities: Arecibo, Barceloneta, Hatillo and Isabela.

Consists of 10 cane colonies:

San Francisco	1,158.30 acres
Domingo Ruiz	1,340.86 acres
Consejo	520.60 acres
Pajuil	679.62 acres
Isabela	277.19 acres
Walcott	1,166.06 acres
Santana–Miraflores	2,060.47 acres
Sabana Hoyos	2,057.03 acres
Montaña	437.87 acres

PROFITS (5-YEAR AVERAGE)

San Francisco	$111,006.72	
Domingo Ruiz	76,002.76	
Consejo	60,631.50	
Pajuil	41,025.90	
Isabela	17,062.05	
Sabana Hoyos	12,585.69	
Santana	11,628.05	
Walcott	10,168.95	
Miraflores	3,619.01	
Montaña	—3,989.28	(Loss)

APPENDIX "G"

TENTATIVE DISTRIBUTION PLAN

	Proportional benefit farms	5 to 25 acre farms	Agregado tracts	Ceded to Government Agencies			
				W. P. A.	Agric. Dept.	Forests	Army
SAN FRANCISCO:							
Main farm	958.30			FOR SUBSISTENCE CROP SEEDBEDS	FOR FOOD CROPS		
Cerro de San Francisco			200.00				
LAS CLARAS:							
Main farm	1,199.50		78.00				
Los Carriones			24.36				
Tejada		16.93					
Monte Grande	22.07						
CONSEJO:							
Finca Consejo	520.60						
PAJUIL:							
All farms	679.62						
ISABELA:							
Mantilla					147.93		
Mayor			25.10				
Corchado No. 4		40.26					
Corchado No. 1		24.58					
Esteves		20.45					
La Planta		18.87					
WALCOTT:							
Parcel A	241.60					744.00	
Buena Vista		91.72		65.00			
Centeno		23.74					
SABANA HOYOS:							
Main farm	520.03		1,000.00	200.00			
Benero					210.00		
Villamil		16.00					
La Soto		10.00					
La García			1.00				
MONTAÑA:							
Arzuaga		390.00					
Cepero				49.87			
Laurido							
SANTANA-MIRAFLORES:							
Main farm	1,229.93	20.00	200.00				
Arrozal							
Finca Piedra							
Caballero							42.18
Los Pérez		41.96					
Pérez, Chiquita		26.88					
Núñez							
Núñez, Chiquita							
Bison		74.19					
Maltés		10.05					
Diáfara Grande		16.36					
Diáfara		8.68					
TOTAL	5,371.65	850.67	1,528.46	314.87	357.93	744.00	42.18

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